

# Role of employee retention strategies for keeping and retaining talents

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**Abstract:** Employee retention plays an important role in an organisation because it affects employee performance. The purpose of this study is to examine the effect of employee retention strategies namely employee participation, employee training, job security, work environment, employee motivation and employee-employers relationship on employee retention and employee performance. The study results revealed that employee participation, employee training, job security, work environment, employee motivation and employee-employers relationship have positive effect on employee retention as well as employee performance. The theoretical framework of this study would encourage the companies and their employers to constitute their employees as an important resources as they are difficult to retain and costly to acquire. The study would also be helpful for researchers and academicians to understand the role of employee retention in an organisation.

**Key words:** Employee retention, employee participation, employee motivation, job security employee training, employee-employers relationship, work environment, employee's performance.

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## Introduction

During the last few decades, employee retention has become a serious and perplexing problem for all types of organisation. Employee retention indicates the ability of the organisation to retain its employees. The ability to retain and attract best employees ensures customer satisfaction, satisfied staff, retention of organisational knowledge & learning and effective succession planning (Sinha and Sinha, 2012). Hill and Jones (2001) indicated that when any employees leave organisation, organisation not only lost employee but also lost customers and clients who were loyal with employee. Further, he advocated that an organisation is completely at loss when employees leave their job once they are fully trained. Thus, it is essential for an organisation to take into account appropriate employee retention strategies for managing and keeping a valuable assets of the organisation i.e. employees. Despite the growing significance of employee retention, however there is still need to meet the needs of

human resource managers and to provide them with an appropriate strategies and solutions to overcome the problems of high employee turnover by retaining best talented and valued employees effectively and efficiently. Therefore based on aforesaid research gap, the present study examined the effect of following employee retention strategies namely employee participation, work environment, employee motivation, employee training, and job flexibility on employee retention as well as employee performance.

## Literature Review

**Employee Retention:** Frank et. al (2004) define employee retention as “the effort by an employer to keep desirable workers in order to meet business objectives”. It is a relevant metric in which employees are encouraged to stay within the organisation for the maximum period of time or until the completion of the period (Mathur and Agarwal, 2013). Human resource professionals and researchers believed that employee retention is an important business survival tool and it is a serious matter. Retention of talented and skilled employees is more critical to the long-term health and success of any organisation.

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The literature on employee retention clearly explained that only satisfied employees who are happy with their jobs and their employers are more devoted for doing their job efficiently and look forward to (Denton 2000). Employees who are satisfied have higher intentions of persisting with their organization, which results in a decreased employee turnover rate (Akuoko, 2012). Hence, to compete successfully every firm employed a combination of various effective retention strategies to satisfy the diverse needs of employees and create an environment that encourage them to stay long with their particular organisation. Based on extant literature, the present study examined the effects of six employee retention strategies namely employee participation, employee training, job security, work environment, employee motivation and employee-employers relationship on employee retention (Akuoko, 2012)

**Employee Participation:** Employee participation is also essential for organisation for retaining employees at any age (Zareen et. al 2013). Employee participation is a system where employees are encouraged to share information with management and participate in decision making (Gupta and Joshi, 2007). In other words, it is a relevant strategy in which employees gain greater control and greater freedom with respect to bridging communication gap between employees and employers (Noah, 2008).

**Employee Training:** Training is the act of increasing knowledge and skill of an employee for doing a particular job effectively and efficiently (Sinha and Sinha, 2012). Training of an employee is essential for increasing productivity and employee morale, reducing employee turnover and absenteeism and employee development (Gupta and Joshi, 2007).

**Job Security:** Job security is vital for keeping and retaining employee at any age in an organization (Gupta and Joshi 2007). It helps employees do not worry about their future, maintaining industrial peace and harmony,

increasing organisation and employees productivity. The concept of job security has developed with the aim to assuring continuity of employment and preventing arbitrary terminations (Senol, 2009).

**Work environment:** According to Ollukkaran and Gunasellan (2012), work environment mean those systems, structures and conditions in the workplace that impact favorably or unfavorably employee performance. The work environment also includes policies, rules, culture, resources, working relationships, work location, and internal and external environmental factors, all of which influence the ways those employees perform their job functions. It generally, relates with the climate where employees can learn and perform (Zeytinoglu and Denton, 2005).

**Employee Motivation:** Employee motivation is also considered an effective strategy for retaining employee in an organisation (Sinha and Sinha, 2012). Motivation is the process of inspiring people to actions to achieve the goals (Chaudhary and Sharma 2012). Motivation is a very important from an organizational point of view because it transforms human resources into action (Gupta and Joshi, 2007).

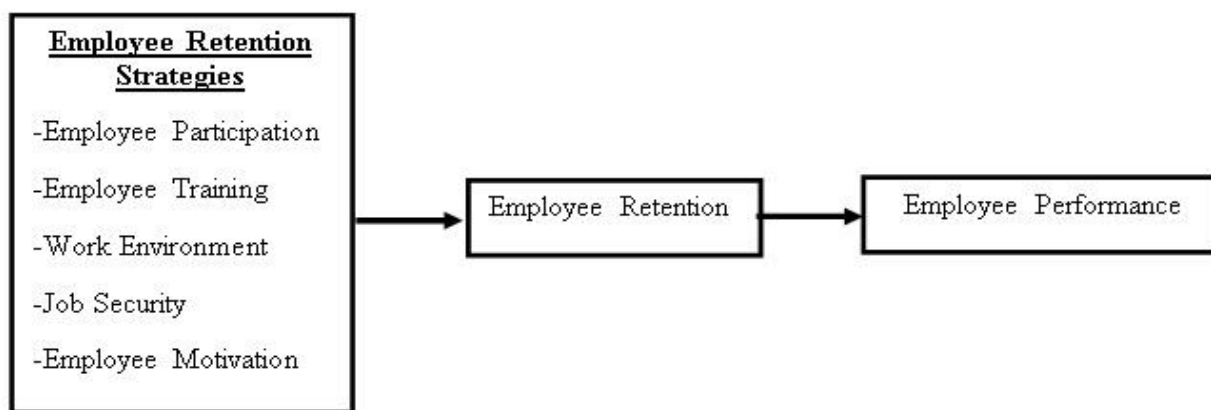
## Conceptual Framework

The present study proposed a conceptual framework (see **Figure 1**) that illustrates how employee retention strategies like employee participation, employee training, job security, work environment and employee motivation influences employee retention as well as employee performance.

## Research Hypotheses

**Hypothesis-1:** Employee retention strategies namely employee participation, employee training, work environment, job security and employee motivation significantly contribute to employee retention.

**Hypothesis 2:** Employee retention has positive significant effect on employee performance.



**Figure 1 Conceptual Framework**

## Research Methodology

### Data Collection

Approximately 350 questionnaires are distributed to the banks employees of Jammu and Kashmir bank, using purposive sampling technique. Employees that having atleast five years of services experience are approached. Out of 350 questionnaires distributed to respondents, only 323 questionnaires are returned back. The effective response rate came to 92.28%.

### Results

Structural equation modelling (SEM) is used to test research hypotheses (Figure 3). The overall fitness of the model is found to be significant with  $\chi^2/df$  (2.573) GFI (.902), NFI (.912), CFI (.944), RMR (.027) and RMSEA (.041) also met or exceeded the threshold criteria. As expected the study results provide support for all the hypotheses. The results show

that all employee retention strategies namely employee participation (SRW=.904,  $p=.000$ ), employee training (SRW=.859,  $p=.000$ ), work environment (SRW=.912,  $p=.000$ ), job security (SRW=.969,  $p=.000$ ) and employee motivation (SRW=.479,  $p=.000$ ) positive significantly contribute to employee retention accepted hypothesis 1 (Table 1). Similarly, positive and significant impact of employee retention on employee performance (SRW=0.613,  $p < 0.001$ ), accepted hypothesis 2 (Figure 1).

### Discussion and Conclusion

The study establishes that all employee retention strategies namely employee participation, employee training, work environment, job security and employee motivation are positively significant contribute to employee retention. The best explanation of this result is that the combination of all these employee retention strategies are seems to be more effective for keeping and retaining talent in banking sector. Further results depicted that

**Table 1 Hypotheses Results**

Parameters	SRW ( $\beta$ )	P-Value	Hypotheses	Conclusion
Brand Equity → Customer Equity	.904	***	H1	Accepted
value Equity → Customer Equity	.859	***		
Retention Equity → Customer Equity	.912	***		
Relational Equity → Customer Equity	.969	***		
Social Equity → Customer Equity	.479	***		
Customer Equity → Customer Loyalty	.613	***	H2	Accepted

among these strategies, job security, work environment and employee participation contributes highly to employee retention. The possible reasons of these effects are that banks have adopted high ethical standards to provide job security to their employees; to create positive and conducive environment in an organisation and also encourage employees to take part in decision making process. As per study results, employee motivation can be seen as least important strategies for employee retention. It is suggested that to compete successfully, banks need to understand their employees' needs, wants, desires, motives and behavior properly.

### Limitations and Future Research

The study result is confined to banking sector in general. Further research required to generalise the study findings in different context (telecommunication, insurances etc.). Another limitation is that effects of various employee retention strategies with each other have not been taken into consideration in the framework of this study. Therefore, further research required to examine these issues in detail.

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